

Executive Board
17th December, 2018

Subject : NJC Pay Award 2019 – Proposals for implementation of the new nationally agreed Pay Spine on 1st April 2019.

Purpose: Implementation of the nationally agreed collective agreement.

Recommendations / key decisions required:

Endorsement of the recommended approach outlined in this report for ongoing consultation with the recognised trade unions and consultation with Pay Advisory Panel and Executive Board.

Relevant scrutiny committee to be consulted NO

Pay Advisory Panel to be consulted.

Exec Board Decision Required YES

Council Decision Required NO

EXECUTIVE BOARD MEMBER PORTFOLIO HOLDER:- Cllr Mair Stephens

Directorate: Chief Executives

Name of Head of Service:

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Executive Board
EXECUTIVE SUMMARY
17TH DECEMBER, 2018

NJC Pay Award – Implementation of new Pay Spine – 1st April 2019

1. Background

Over the last two years or so, work has been undertaken by the National Employers for Local Government Services in conjunction with employers' representatives and recognised trade unions to develop a new NJC pay spine which would a) reconfigure the lower end of the pay spine and b) ensure that the National Living Wage (NLW) could be accommodated.

A collective agreement was reached in April 2018 and in June detailed guidance was provided by the NJC for Local Government Services to assist local authorities implement and assimilate to the new pay spine.

A project team from HR and Finance has worked over the past few months to look at options and costs for implementation of the National Agreement.

The existing CCC NJC pay spine and proposed April 2019 pay spine have been tabulated for comparison purposes (Appendix A). The Local Government Agreement and Advice documents are attached as Appendices B and C. In practice, the instructions/advice provided are comprehensive and leave little discretion for local authorities, particularly in relation to assimilation from current pay spine to the new pay spine.

2. The Pay Agreement

Appendices B & C outline the national agreement reached with the Trade Unions. In summary this includes:

- A new pay spine with new points 1 to 22 and with 2% incremental points up to point 43, which will replace the current pay spine.
- A new base point of £9.00 per hour.
- 5 new points for which there is no current equivalent
- A minimum increase of 2%

3. The new pay spine – v. the current pay spine

Appendix B (page 2) illustrates a new pay spine lowest rate (point1) of £9.00 per hour. This equates to the old SCP 6&7 which we no longer have in Carmarthenshire.

Therefore, when applying the assimilation agreement, none of CCC's staff who are in post as at 31st March 2019 would assimilate to this rate as all our staff are paid at SCP 9 or above. This is not common to all Councils as many have retained the lower SCP's. However, it is possible to implement the new point 1 for new employees/workers who commence employment on or after 1st April 2019.

In addition, an extended pay spine up to a new point 55 would need to be implemented locally to reflect earlier local agreements to extend above the nationally agreed scale.

4.Assimilation to the new Pay Spine

The method of assimilation is set out clearly as part of the Pay Agreement and must be followed by employers. In Carmarthenshire this has the following impact:

Employees on current SCP 9 (Grade A) must move to the new Point 2.

At 1st April 2019 their pay rises from £8.68 per hour (topped up to £8.75 by the Foundation Living Wage Supplement) to £9.18 per hour – 4.9% increase.

However, in order to utilise the full pay scale and to ensure costs of implementation are affordable, it is proposed that the new pay point 1 of £9.00 per hour is implemented for casual workers and new starters on or after 1st April 2019 which would extend Grade A from a one point to a two point grade. (See Appendix A).

Employees on current SCP 10 (Grade B) must move to new Point 3.

At 1st April 2019 their pay rises from £8.74 per hour (£8.75 with FLW supplement) to £9.36 per hour – 7.0% increase.

Grade B is currently a one point grade and it is proposed that this would be extended down to incorporate new points 2 and 3. This will help to mitigate costs and will also return Grades A and B to incremental progression rather than single pay point Grades.

Employees on Grade C (SCP's 10 to 14) move to new points 3 to 5 £9.36 per hour rising to £9.74 per hour at top of the scale – 6.3% increase.

This has the effect of compressing Grade C from 5 to 3 points.

Employees on Grade D (SCP's 14 to 18) move to new points 5 to 7 – maximum £10.13 per hour – 3.7% increase.

The "new" Grade D would be similarly compressed from 5 pay points to 3.

Employees on Grade E and above assimilate as set out in Appendix A but the number of pay points is unaffected by the new pay spine. Staff on these grades will receive a minimum of 2% as required by the National Agreement.

It should be noted that the % increases quoted are based upon assimilation only and do not take account of any incremental increases that will be due on 1st April 2019.

5. Assimilation and Incremental Progression

The NJC agreement is silent on the approach to be taken with regard to the chronology of assimilation and increments when moving to the new pay spine on 1st April 2019. There are two approaches:

1. Assimilation to new pay scale first then apply increments where payable
2. Apply increment (where payable) then assimilate

It is proposed that CCC should “assimilate then pay increments” as this provides for a fairer approach, particularly in some lower grades where applying the increment after assimilation allows for longer serving employees to retain a differential in pay compared to new employees in the same grade.

6. Projected Financial Impact

The weighted average increase is **3.3% overall** and **3.5% for top of scale** (for budgeting purposes plus this is where most of our employees are). The requirement to move existing grade A's to £9.18 rather than £9.00 is worth approximately 0.5% because this approach has a knock on impact up the scale.

The overall cost is estimated at **£5.0 million** including pensions and National Insurance. Once added to NJC, Soulbury and Teachers pay increases and taking account of the £28 million grant funded posts, the cost to council net budget for 2019/20 is **£6.2 million**.

The July budget outlook estimates made an allowance of extra funding for the cost of implementing a new nationally agreed pay spine. We have now worked through the local implications of applying this to the CCC workforce. Against an overall pay rise allowance of £6.0 million, the cost is estimated at £6.2 million, with an average top of grade increase of 3.5%. However, this percentage is considerably more for employees on lower grades and may have the effect of reducing the equal pay gap (an equality impact assessment is in the process of being undertaken as part of the consultation process).

The cost to Carmarthenshire may be more when compared to the majority of other Welsh councils due to the local grading structure commencing at the current SCP 9 which has resulted from Members' commitment to improve the pay for our lower paid staff and to meet Foundation Living Wage standards. As a result the Council's lowest paid employees who are in post at April 2019, will receive a pay rise from £8.75 per hour up to £9.18 per hour compared to other Councils who will assimilate their lowest paid employees across to £9.00 per hour. However, we are obliged to follow the nationally agreed assimilation process and a failure to do so would almost certainly result in challenge from the trade unions. However, the proposal to introduce the £9.00 per hour rate for all new Grade A employees who start on or after 1st April 2018 will align the Council's pay spine.

The Living Wage Foundation will announce the % increase to its minimum hourly rate on 5th November 2019. Should this increase the rate to over £9.00 per hour then Members will need to consider whether it is appropriate to still apply a living wage supplement with effect from 1st April 2019.

OTHER OPTIONS AVAILABLE AND THEIR PROS AND CONS

The National Agreement on NJC pay and directions for assimilation to the new Pay Spine allow little room for manoeuvre.

The proposals outlined provide for the minimum of 2% increase to pay and also have the effect of uplifting the pay of the Council's lowest paid staff to in excess of this. It has been a consistent ambition of Members and local trade unions to improve the pay of the lower grades.

The Council's Members Pay Advisory Panel will also be consulted and the final proposals will be taken to Executive Board for endorsement in advance of implementation. The final proposal will be included in the Authority's 2019/20 Pay Policy Statement which will be endorsed by County Council in March 2019.

The pay increase must be implemented on 1st April 2019.

Recommendation:

Executive Board is asked to consider the proposed implementation plan and to endorse this approach so that consultation can continue with Trade Unions colleagues.

DETAILED REPORT ATTACHED ?	NO
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IMPLICATIONS

I confirm that other than those implications which have been agreed with the appropriate Directors / Heads of Service and are referred to in detail below, there are no other implications associated with this report :

Signed: Paul Thomas Assistant Chief Executive (People Management)

Policy, Crime & Disorder and Equalities	Legal	Finance	ICT	Risk Management Issues	Staffing Implications	Physical Assets
YES	YES /	Yes /	No /	No /	YES /	/ NONE
1. Policy, Crime & Disorder and Equalities Change to existing pay spine is likely to impact positively on equal pay gap.						
2. Legal Under Collective bargaining arrangements, the Council is required to implement the nationally agreed pay award and pay spine.						
3. Finance Financial implications have been outlined in the report and provision has been made in budget forecasts. R.H.						
3. Staffing Implications The introduction of the National Pay Agreement will affect all NJC staff.						

CONSULTATIONS

I confirm that the appropriate consultations have taken in place and the outcomes are as detailed below

Signed: Paul Thomas

Assistant Chief Executive(People Management)

1. Scrutiny Committee

N/A

2.Local Member(s)

N/A

3.Community / Town Council

N/A

4.Relevant Partners

N/A

5.Staff Side Representatives and other Organisations

Trade Unions have already been consulted on this proposal.

Section 100D Local Government Act, 1972 – Access to Information

List of Background Papers used in the preparation of this report:

Title of Document	File Ref No.	Locations that the papers are available for public inspection
National Joint Council for Local Government Services Pay Agreement for 2018-2019 Circular.		
NJC 2018 & 2019 Payscales & Allowances.		